

FROM THE COMMUNICATIONS OFFICE OF
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2013 Tax Reform
January 2013

2013 State Business Tax Climate

State	2013 Rank	2013 Score
Wyoming	1	7.66
South Dakota	2	7.56
Nevada	3	7.45
Alaska	4	7.34
Florida	5	6.88
Washington	6	6.38
New Hampshire	7	6.25
Montana	8	6.22
Texas	9	6.09
Utah	10	6.04
Missouri	16	5.46
Colorado	18	5.37
Kansas	26	5.10
Nebraska	31	4.96
Iowa	42	4.47

Source: 2013 State Business Tax Climate Index, Tax Foundation

2013 State Business Tax Climate

State	Overall Rank	Corp. Tax Rank	Ind. Income Tax Rank	Sales Tax Rank	UI Tax Rank	Property Tax Rank
WY	1	1	1	12	29	35
SD	2	1	1	33	35	20
NV	3	1	1	42	41	16
AK	4	27	1	5	28	13
FL	5	13	1	18	10	25
WA	6	30	1	48	18	22
NH	7	48	9	1	42	43
MT	8	16	20	3	21	7
TX	9	38	7	36	14	32
UT	10	5	14	22	20	3
MO	16	8	24	27	6	6
CO	18	20	16	44	39	9
KS	26	36	21	32	9	28
NE	31	34	30	26	8	38
IA	42	49	33	24	34	37

Source: 2013 State Business Tax Climate Index, Tax Foundation

U.S. Business Policy Index 2012 - State Rankings of Top Personal Income Tax

Rank	State	PIT Rank	Rank	State	PIT Rank	Rank	State	PIT Rank
1t	AK	0.00	18	NM	4.900	35	NE	6.840
1t	FL	0.00	19t	IL	5.000	36	MT	6.900
1t	NV	0.00	19t	MS	5.000	37	DE	6.950
1t	NH	0.00	19t	UT	5.000	38t	AR	7.000
1t	SD	0.00	22t	MA	5.250	38t	SC	7.000
1t	TN	0.00	22t	OK	5.250	40	ID	7.400
1t	TX	0.00	24t	MD	5.750	41t	NC	7.750
1t	WA	0.00	24t	VA	5.750	41t	WI	7.750
1t	WY	0.00	26	IA	5.837	43	MN	7.850
10	PA	3.070	27	OH	5.925	44	ME	8.500
11	AL	3.250	28	RI	5.990	45	NY	8.820
12	IN	3.400	29t	GA	6.000	46	VT	8.950
13	LA	3.900	29t	KY	6.000	47	NJ	8.970
14	ND	3.990	29t	MO	6.000	48	OR	9.900
15	MI	4.250	32	KS	6.450	49	HI	11.000
16	AZ	4.540	33	WV	6.500	50	CA	13.300
17	CO	4.630	34	CT	6.700			

Source: Small Business & Entrepreneurship Council 4

Objective

- **Make Nebraska more tax competitive to create more jobs and higher paying jobs,**

by

- **Eliminating the individual income tax and the corporate income tax,**

or

- **Lowering rates for the individual income tax and corporate income tax.**

Tax Facts

- **23 states exempt a portion of or all retired military pay, but Nebraska does not.**
- **43 states exempt a portion of or all Social Security income, but Nebraska does not.**
- **Nebraska's top personal income tax rate is 35th of 50 states; and is higher than all neighboring states.**

Tax Facts

- **Nebraska's Tax Foundation Business Tax Climate Ranking is 31st out of the 50 states.**
- **Being in the bottom half of all states is mediocre, at best.**

The Question...

- **Are we satisfied with an overly-complicated, outdated, mediocre tax system that doesn't create the jobs of the future for our sons and daughters?**

or

- **Are we willing to consider reforming the tax code so that it is modern, simplified, streamlined and fairer?**

Goal

- **Create a bold, innovative and strategic tax reform plan that will make Nebraska a Top Ten business tax climate state for the next generation of Nebraskans.**

Options

- **Eliminate individual income tax and corporate income tax,**

or

- **Lower rates for individual income tax and corporate income tax.**

Key Points

- **Eliminate some or all sales tax exemptions.**
- **All current economic incentives will be honored.**
- **No taxing of additional services.**
- **Revenue neutral and budget neutral.**

FY 2014 – 2015

General Fund Revenues

• Income Tax	\$2.365 B
○ Individual Income Tax	\$2.095 B
○ Corporate Income Tax	\$ 270 M
• Sales and Use Tax	\$1.550 B
• Misc. Taxes and Fees	<u>\$ 165 M</u>
• Total General Fund Revenues	\$4.080 B

Discussion

- **Did you know the State of Nebraska exempts \$5 billion in sales tax?**
- **Nebraska exempts more than it collects.**
- **Is that fair to our small businesses and working Nebraskans?**

The Plan

- **Eliminate \$2.365 billion in sales tax exemptions,**

and

- **Nebraska could eliminate the individual income tax and corporate income tax.**

Benefits

- **No individual income tax for working Nebraskans.**
- **No taxing of small business income.**
- **No taxation of Social Security income.**
- **No taxation of military retirement income.**
- **No taxation of any retirement income.**
- **No corporate income tax.**

Another Option

- **Eliminate some sales tax exemptions,**
- and*
- **Nebraska could lower individual and corporate income tax rates.**

Moving Forward

We have a choice:

- **Reform our tax system so that our sons and daughters and new Nebraskans can find jobs and build meaningful, fulfilling careers here in Nebraska,**

or

- **Do nothing and continue to lose jobs and our young people to other states.**

Moving Forward

**Nebraskans deserve a serious,
statewide conversation about
modernizing and transforming
Nebraska's tax system.**